

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 93-233-C - ORDER NO. 93-606 ✓
JULY 9, 1993

IN RE: Application of Kast Communications, Inc.) ORDER
 for a Certificate of Public Convenience) APPROVING
 and Necessity to provide Intrastate) CERTIFICATE
 Resold Telecommunications Services within)
 the State of South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Kast Communications, Inc. (Kast or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. Kast's Application¹ was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1992) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Kast to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of Kast's

1. Kast's Application was amended on June 21, 1993. By this amendment, Kast deleted paragraph four (4) of its Application and stated it would adhere to and be governed by the Stipulation and Agreement approved by the Commission in Order No. 93-462 (June 3, 1993), Docket Nos. 92-182-C, 92-183-C, and 92-200-C (the IntraLATA Order).

Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Kast complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone and Telegraph Company (Southern Bell) and the South Carolina Department of Consumer Affairs (the Consumer Advocate). These interventions were subsequently withdrawn.

Jeffrey L. Bockol, Chief Financial Officer for Kast, submitted verified testimony on behalf of the Company. Mr. Bockol explained Kast's request for authority to provide intrastate interexchange telecommunications services in South Carolina as a non-facilities based reseller. He testified that Kast planned to utilize the long distance facilities of AT&T. Mr. Bockol testified Kast intends to provide resold Message Telecommunications Service with distance sensitive per minute rates with Feature Group D access. In addition, Mr. Bockol testified that Kast will also provide toll-free 800 service and WATS-type services, via switched facilities, and Travel Service via 800 numbers. Mr. Bockol stated Kast does not intend to and will not offer any 900 services to its customers² or "0+" or other operator services.

Mr. Bockol testified that the resale of telecommunications services as proposed by Kast will promote competition in South

2. See Affidavit of Jeffrey L. Bockol, dated June 23, 1993.

Carolina, thereby increasing efficiencies and lowering prices to consumers. Mr. Bockol further testified that small and medium-sized business customers and some residential customers will be given the opportunity to acquire the services, benefits, and cost savings usually available only to large-scale telecommunications users.

Mr. Bockol testified that Kast has sufficient financial resources to provide services for which it seeks authority. The balance sheet attached to Mr. Bockol's testimony indicates a net worth of \$60,000 as of May 31, 1993.

After full consideration of the applicable law and of the Application and testimony presented by Kast, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Kast is incorporated under the laws of the State of Delaware, and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. Kast operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina.
3. Kast has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Kast to provide intrastate service through the resale of intrastate Wide Area Telecommunications Services

(WATS), Message Telecommunications Services (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Kast for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Kast shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Kast shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of Kast's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1992).

4. Kast shall file a price list within thirty (30) days of the date of this Order.

5. Kast is subject to access charges pursuant to Commission Order No. 96-584, in which the Commission determined that for access purposes resellers should be treated similarly to

facilities-based interexchange carriers.

6. With regard to Kast's resale of service, an end user should be able to access another interexchange carrier or operator service provider if they so desire.

7. Kast shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Kast changes underlying carriers, it shall notify the Commission in writing.

8. Kast shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. Kast shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

DOCKET NO. 93-233-C - ORDER NO. 93-606
JULY 9, 1993
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR RESELLERS OF TELECOMMUNICATION SERVICE

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL
AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).